

May 23, 2006

Mr. Douglas Wulf  
Government Oversight Committee

Via e-mail

Dear Mr. Wulf and Members of the Committee:

I appreciated the opportunity to answer your questions and provide you with information this morning regarding your investigation of Central Iowa Employment and Training Consortium (CIETC).

You asked me to provide you with additional information related to two questions that were brought up this morning. The first question concerned the signature of Mr. Archie Brooks on various documents. We did not become aware of any issues regarding the legitimacy of Mr. Brooks' signature on any documents.

The second question concerned a board member's participation in the review process of expenditures. According to our audit documentation and recollection of audit team members, Ms. Sherry Howard, Secretary/Treasurer of CIETC, regularly visited CIETC offices to review and approve all invoices for payment. In fact, when we asked to interview her during the most recently completed audit, it was suggested that we wait until she was scheduled to be in to review that week's invoices. Additionally, while our auditors were on-site at CIETC performing audit tasks in October of 2005, Ms. Howard was seen at CIETC offices at least twice. We had been told that she regularly visited to review invoices, witnessed her being there, and had no reason to doubt that she did this on a recurring basis.

An additional issue that was raised this morning deals with the purpose of an external financial statement audit. Our firm was hired to perform an audit of the accuracy of the financial statements. The results of our audits were the opinions regarding whether or not the financial statements were materially correct. A financial statement audit is not meant to pass judgment on levels of compensation. As part of our financial statement audit, we verified that the compensation amounts were approved by the board and in accordance with their contracts. These amounts were accurately included in the financial statements. We further noted that the US Department of Labor (DOL) had conducted an analysis of CIETC during 2004 and had specific comments about the salaries and supplemental wage payments to management. In response to DOL's request, CIETC prepared drafts of employment contracts and submitted them to DOL for review and approval. DOL approved the draft of the contracts with the salary amounts blank but knowing from their on-site review the amounts that were being paid.

Please let me know if you need any additional information.

Very truly,

Alan Kincheloe